

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Lynx Family Housing, located at Lynx Street and Astor Street in Irvine, requested and is being recommended for a reservation of \$3,049,330 in annual federal tax credits to finance the new construction of 142 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Related Development Company of California, LLC and will be located in Senate District 37 and Assembly District 68.

Project Number CA-21-757

Project Name Lynx Family Housing
Site Address: Lynx Street and Astor Street
Irvine, CA 92618 County: Orange
Census Tract: 524.04

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,049,330	\$0
Recommended:	\$3,049,330	\$0

Applicant Information

Applicant: Lynx Family Housing Partners, L.P.
Contact: Frank Cardone
Address: 18201 Von Karman Avenue, Suite 900
Irvine, CA 92612
Phone: (949) 660-7272
Email: fcardone@related.com

General Partner(s) or Principal Owner(s): Related/Lynx Family Development Co., LLC
Riverside Charitable Corporation

General Partner Type: Joint Venture

Parent Company(ies): The Related Companies of California, LLC
Riverside Charitable Corporation

Developer: Related Development Company of California, LLC

Bond Issuer: California Statewide Communities Development Authority

Investor/Consultant: MUFG Union Bank, N.A.

Management Agent: Related Management Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 8
 Total # of Units: 144
 No. / % of Low Income Units: 142 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Orange County
 TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting</u> <u>Number of Units</u>	<u>Percentage of</u> <u>Affordable Units</u>
30% AMI: 15	11%
50% AMI: 92	65%
60% AMI: 35	25%

Unit Mix

40 1-Bedroom Units
64 2-Bedroom Units
40 3-Bedroom Units
<u>144 Total Units</u>

<u>Unit Type</u> <u>& Number</u>	<u>2021 Rents Targeted %</u> <u>of Area Median Income</u>	<u>Proposed Rent</u> <u>(including utilities)</u>
4 1 Bedroom	30%	\$756
29 1 Bedroom	50%	\$1,066
7 1 Bedroom	60%	\$1,513
7 2 Bedrooms	30%	\$908
37 2 Bedrooms	50%	\$1,200
18 2 Bedrooms	60%	\$1,816
4 3 Bedrooms	30%	\$1,049
26 3 Bedrooms	50%	\$1,333
10 3 Bedrooms	60%	\$2,098
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,521,000
Construction Costs	\$42,417,022
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,123,401
Soft Cost Contingency	\$198,794
Relocation	\$0
Architectural/Engineering	\$2,337,500
Const. Interest, Perm. Financing	\$2,973,000
Legal Fees	\$350,000
Reserves	\$468,422
Other Costs	\$6,330,000
Developer Fee	\$4,400,000
Commercial Costs	\$0
Total	\$65,119,139

Residential

Construction Cost Per Square Foot:	\$314
Per Unit Cost:	\$452,216
True Cash Per Unit Cost*:	\$414,994

Construction Financing

Source	Amount
MUFG Union Bank - Tax Exempt	\$32,110,131
MUFG Union Bank - Taxable	\$8,242,790
Heritage Fields El Toro, LLC**	\$14,327,102
Heritage Fields El Toro, LLC***	\$466,000
Heritage Fields El Toro, LLC****	\$3,460,000
Deferred Developer Fee	\$3,150,000
Deferred Operating Deficit Reserve	\$468,422
Deferred TCAC Monitoring Fee	\$59,000
General Partner Equity	\$100
Tax Credit Equity	\$2,835,594

Permanent Financing

Source	Amount
MUFG Union Bank	\$16,610,000
Heritage Fields El Toro, LLC**	\$14,327,102
Heritage Fields El Toro, LLC***	\$466,000
Heritage Fields El Toro, LLC****	\$3,460,000
Deferred Developer Fee	\$1,900,000
General Partner Equity	\$100
Tax Credit Equity	\$28,355,937
TOTAL	\$65,119,139

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

** Residual Receipts Gap Loan

***Residual Receipts Loans Accrued Interest

****Residual Receipts Land Acquisition Loan

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$58,640,969
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$76,233,260
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,049,330
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,400,000
Investor/Consultant:	MUFG Union Bank, N.A.
Federal Tax Credit Factor:	\$0.92991

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.